

Message Text

CONFIDENTIAL

PAGE 01 STATE 019955

64

ORIGIN EA-10

INFO OCT-01 ISO-00 EB-07 AGR-05 L-02 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00

CIEP-01 FRB-03 OMB-01 /045 R

DRAFTED BY EA/ROC:KJWEAVER:ARCK

APPROVED BY EA/ROC:BLEVIN

EB/FTD - W. MIMS (SUBS)

EA/EP - A. GE0ER

USDA - K. STEPHENS

----- 069882

P R 282048Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY SEOUL

C O N F I D E N T I A L STATE 019955

E.O. 11652:GDS

TAGS: ETRD, KS, RP, TH, TW

SUBJECT: COTTON CONTRACT PROBLEM

REFERENCES: (A) STATE 16964

(B) TAIPEI 434

TAIPEI PASS EDMOND

1. APPRECIATE EMBASSY'S PROMPT CONFIRMATION OF OUTLINES
OF GROC PROPOSAL TO RESOLVE COTTON CONTRACT PROBLEM
(REFTEL B).

2. DURING JANUARY 27 MEETING WITH DEPTOFFS, USDA ASSISTANT
SECRETARY YEUTTER EXPRESSED OPTIMISM THAT THE COTTON CON-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 019955

TRACT PROBLEM IN THE ROC COULD BE RESOLVED BY A COMBINATION

OF GROC ACTION (OUTLINED REFTELS) AND USG PROVISION OF CCC CREDIT. DURING THEIR RECENT DISCUSSIONS IN TAIPEI, BOARD OF FOREIGN TRADE DIRECTOR GENERAL Y.T. WANG TOLD YEUTTER THAT GROC NEGOTIATIONS WITH THE MILLS FOCUSED ON THE CUT-OFF PRICE ABOVE WHICH THE MILLS REFUSED TO PURCHASE COTTON. THE GROC PROPOSED A PRICE OF 0.50 DOLS. PER POUND WHILE THE MILLS INSISTED UPON 0.40 DOLS. PER POUND. PRESUMABLY A COMPROMISE HAS NOW BEEN REACHED, BUT WE

BELIEVE THIS DISAGREEMENT IS THE BASIS FOR THE WANG CAUTION (REFTEL B) THAT THE PREMIER MAY MODIFY DETAILS OF THE PROPOSAL PRIOR TO FINAL APPROVAL.

3. DUE TO THE BUDGETARY LIMIT ON CCC CREDIT FUNDS AVAILABLE FOR THE REMAINDER OF FY 1975 AS WELL AS THE STRONG FOREIGN EXCHANGE POSITION OF THE ROC, USDA PLANS TO PROPOSE APPROVAL OF DOLS 25 MILLION 3-YEAR CCC CREDIT ON THE BASIS THAT FINANCING WILL BE PROVIDED BY TAIWAN FOR THE BALANCE OF THE OUTSTANDING CONTRACTS AND THAT REPAYMENT OF CCC CREDIT IS GUARANTEED BY THE GROC. USDA PLANS TO PROPOSE APPROVAL OF THIS PLAN AT AN INTERAGENCY MEETING AS SOON AS POSSIBLE AFTER DETAILS OF THE GROC PROPOSAL ARE RECEIVED. WE HOPE THAT SOLUTION OF THE CONTRACT PROBLEM ALONG THE LINES AGREED UPON FOR THE ROC MAY SERVE AS A MODEL FOR USE IN OTHER COUNTRIES WHERE THE PROBLEM IS OF GREATER MAGNITUDE AND THE GOVERNMENT ATTITUDE LESS FORTHCOMING.

4. IN ORDER TO FACILITATE RAPID ACTION ON CCC CREDIT FOR THE ROC, IT IS IMPERATIVE THAT THE GROC PROVIDE US WITH DETAILS OF ITS PROPOSAL AS SOON AS POSSIBLE. WHILE WE REALIZE FINAL APPROVAL BY CCK IS NOT EXPECTED BEFORE JANUARY 31 (REFTEL B) WE STRONGLY HOPE THAT THE GROC WILL NOT DELAY BEYOND THIS DATE. KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE019955
Document Source: CORE
Document Unique ID: 00
Drafter: KJWEAVER:ARCK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750031-0727
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750113/aaaaalih.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 16964
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2003 by ShawDG>; APPROVED <18 NOV 2003 by WorrelSW>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACT PROBLEM
TAGS: ETRD, KS, RP, TH, TW
To: TAIPEI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006